

Message Text

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SUBJECT: AUSTRALIA/EC STEEL NEGOTIATIONS

REF.: LAMANTIA/NELSON TELCON

1. TEXT OF JOINT STATEMENT DATED MAY 11, 1978, BY THE
RT HON. J.D. ANTHONY, M.P., DEPUTY PRIME MINISTER AND
MINISTER FOR TRADE AND RESOURCES AND THE HON. R.V. GARLAND,
M.P. MINISTER FOR SPECIAL TRADE REPRESENTATIONS FOLLO:S:

BEGIN TEXT

THE DEPUTY PRIME MINISTER AND MINISTER FOR TRADE AND
RESOURCES, MR. ANTHONY AND THE MINISTER FOR SPECIAL TRADE
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REPRESENTATIONS, MR. GARLAND, SAID TODAY THAT AUSTRALIA HAD
REACHED A SATISFACTORY ARRANGEMENT WITH THE COMMISSION OF
THE EUROPEAN COMMUNITIES ON THE PRICING AND LEVEL OF CERTAIN
AUSTRALIAN IRON AND STEEL EXPORTS TO THE COMMUNITY IN 1978.
THE ARRANGEMENT IS SUBJECT TO RATIFICATION BY THE MEMBER STATES OF THE COMMUNITY.

THE MINISTERS RECALLED THAT THE AUSTRALIAN GOVERNMENT HAD EARLIER DETERMINED, IN VIEW OF JAPAN'S IMPORTANCE IN THE WORLD STEEL TRADE, TO AWAIT THE OUTCOME OF THE COMMUNITY'S

NEGOTIATIONS WITH JAPAN BEFORE DECIDING ITS OWN POSITION. THE COMMUNITY REACHED AN ARRANGEMENT WITH JAPAN WHICH TOOK EFFECT IN LATE-APRIL.

THE AUSTRALIAN GOVERNMENT DECIDED TO NEGOTIATE WITH THE COMMUNITY IN THE RECOGNITION THAT IN THE ABSENCE OF AN AGREEMENT, AND AS A RESULT OF THE MEASURES IMPOSED BY THE COMMUNITY, AUSTRALIA'S EXPORTS OF STEEL SUBJECT TO THOSE MEASURES WOULD HAVE BEEN VIRTUALLY EXCLUDED FROM THE COMMUNITY MARKET IN 1978. THE NEGOTIATIONS WERE HELD IN BRUSSELS IN THE COURSE OF MR. GARLAND'S VISIT TO EC CAPITALS.

THE MINISTERS SAID THAT IT HAD BEEN AGREED THAT AUSTRALIA WOULD LIMIT ITS EXPORTS TO THE COMMUNITY OF THOSE IRON AND STEEL PRODUCTS COVERED BY THE ARRANGEMENT TO 450,000 TONNES IN 1978. EXPORTS OF "FINISHED STEEL", WHICH INCLUDES HOT ROLLED COILS AND WIRE RODS, WILL BE LIMITED TO 300,000 TONNES IN 1978.

EXPORTS OF PIG IRON ARE NOT COVERED BY THE ARRANGEMENT AND WILL NOT BE SUBJECT TO QUANTITATIVE LIMITATIONS. SALES UNCLASSIFIED

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WILL, HOWEVER, BE SUBJECT TO THE COMMUNITY'S "BASIC PRICE" ARRANGEMENTS.

THE MINISTERS SAID THE MUTUALLY AGREED QUANTITIVE LIMITATIONS COMPARED FAVOURABLY WITH THE QUANTITIES OF IMPORTS TO THE EC FROM AUSTRALIA IN 1977, THAT IS 480,000 TONNES OF ALL THE PRODUCTS COVERED BY THE ARRANGEMENT INCLUDING 260,000 TONNES OF FINISHED STEEL.

THEY SAID THE QUANTITY PROVISIONS WOULD ENABLE AUSTRALIA TO EXPORT THE QUANTITIES OF STEEL THAT HAD BEEN ENVISAGED FOR 1978 BEFORE THE ARRANGEMENT WAS NEGOTIATED.

MINISTERS SAID THAT THE COMMISSION HAD AGREED, IN RETURN FOR AUSTRALIA'S AGREEMENT TO QUANTITATIVE LIMITATIONS, TO PROHIBIT EUROPEAN STEEL PRODUCERS FROM MATCHING THE PRICE OF AUSTRALIAN STEEL IMPORTS. AUSTRALIAN STEEL WILL BE ALLOWED A "PENETRATION MARGIN" ON THE DELIVERED PRICE OF EUROPEAN STEEL AND HENCE WILL BE MORE ATTRACTIVE TO PURCHASERS. THE AGREED PRICE PENETRATION MARGIN IS 6 PERCENT FOR GENERAL STEELS AND 4 PERCENT FOR SPECIALTY STEELS. THESE PRICE MARGINS ARE THE SAME AS THOSE ACCEPTED

BY OTHER STEEL EXPORTING COUNTRIES, INCLUDING JAPAN. THE FIGURES FOR EFTA COUNTRIES (3 PERCENT AND 2 PERCENT) ARE LOWER BECAUSE OF THEIR SPECIAL RELATIONSHIP WITH THE COMMUNITY.

THE MINISTERS SAID THE ARRIVAL AT AN ARRANGEMENT ON STEEL - WHICH HAD INVOLVED HARD NEGOTIATIONS - HAD CLEARED AWAY A DISTURBING ELEMENT IN AUSTRALIA'S RELATIONSHIP WITH THE COMMUNITY. THEY SAID THAT MR. GARLAND WOULD BE RETURNING TO EUROPE IN JUNE TO CONDUCT DISCUSSIONS WITH THE COMMISSION ON AUSTRALIA'S TOTAL TRADING RELATIONSHIP WITH THE COMMUNITY. THEY EXPECTED THAT AT HIS MEETINGS ON 8/9 JUNE WITH COMMISSIONERS HE WOULD RECEIVE THE COMMUNITY'S RESPONSES TO THE DETAILED PROPOSALS FOR IMPROVEMENTS IN UNCLASSIFIED

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AUSTRALIA'S BALANCE OF TRADING OPPORTUNITIES WITH THE COMMUNITY WHICH HAD BEEN SET OUT BY AUSTRALIA IN OCTOBER 1977 IN A NOTE TO THE COMMISSION.

END TEXT.

2. THE STATEMENT WAS ISSUED IN CANBERRA AND WAS DELIVERED TO THE DEPARTMENT BY THE AUSTRALIAN EMBASSY IN WASHINGTON. IT IS SENT FOR YOUR INFORMATION. VANCE

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